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Update of Iran Handbook

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the Shah is worried about Soviet equipment which the Arab states, especially Iraq, are receiving. He has concentrated since the mid-1960s on improving the navy and the air force and on building up defenses in southern Iran and along the Persian Gulf. He continues to purchase most of his sophisticated equipment from the United States but has also bought equipment from the United Kingdom, the USSR, France, and West Germany. Iranian armed forces are capable of defending Iran against almost any conceivable internal disruption and against attack by any Muslim neighbor.

I. GEOGRAPHY

Location and area

Iran is located in the highlands of southwest Asia between the Caspian Sea and the Persian Gulf. It is bordered on the west by Turkey and Iraq, on the north by the Soviet Union, on the east by Afghanistan and Pakistan, and on the south by the Persian Gulf. From the northern border of Iran it is less than 1,500 nautical miles to Moscow, and from the southwestern border it is less than 200 nautical miles to the major oil fields of Iraq and the Persian Gulf.

The country has an area of about 636,000 square miles, about one fifth the size of the United States. It has a northwest-southeast extent of about 1,400 miles and an east-west extent of about 900 miles.

Climate

The climate of Iran is highly diversified, primarily because of the influence of topography. Mean annual precipitation varies from over 40 inches along the Caspian Sea coast to less than 8 inches over much of the interior and the southern coast. Summers are almost rainless over much of the country. Winter temperatures are cold or very cold in the northwest mountains, range from mild to cold in the interior, and are warm along the southern coast. Summer temperatures are hot or very hot in all sections except at highest elevations.

Topography

Iran consists primarily of an interior area of desert plains and highlands surrounded by a rugged mountain rimland which forms the perimeter of the country; small areas of low plains fringe the Caspian Sea and Persian Gulf. The desert plains are largely barren, except for a few areas in the southeast with irrigation facilities. The highlands are less barren, but are only cultivated on the lower slopes of mountains; there are a few scattered rural settlements in this area. The mountain rimland composes about one half of Iran. There are a few deeply incised perennial streams flowing through intensively cultivated valleys and gorges in the north and west—most of the populated centers and developed transportation facilities of the rimland are located in this region.

Natural resources

Agriculture--Approximately 14% of Iran's total land area is used for agricultural purposes. Only about one third of this area is actively cultivated in any given year because of the need to fallow large areas to conserve moisture. An additional 16% of the total land area may be potentially cultivable. Wheat is the leading crop, followed by barley, rice, fruit, sugar beets, cotton, pulses, oilseeds, tea and tobacco. The agriculture is quite diversified, and Iran is virtually self-sufficient in all commodities but vegetable oils, sugar and tea, and wool. A major land reform program undertaken in 1961 has distributed most of Iran's vast land holdings among the peasants, and the government is now concentrating on expanding and increasing the efficiency of agricultural production.

Oil--Oil is Iran's most important natural resource, generating three fourths of its foreign exchange, and one half of government revenues. Total estimated oil reserves in Iran (55 billion barrels) are the third largest in the Middle East, after those of Saudi Arabia and Kuwait, and constituted about 11% of estimated world reserves as of the end of 1968. Oil presently being exploited lies primarily in southwestern Iran, and, to an increasing extent, in offshore areas of the Persian Gulf. Vast reserves of oil lie toward the center of the gulf, and have been divided between Iran and Saudi Arabia. Exploration for oil is being conducted in the Caspian Sea as well.

Other--Iran has large reserves of mineral wealth, but until recently mining has been a small scale industry. Exploitation has been delayed by lack of transportation, the absence of smelting facilities and the aridity of the regions where mines are located. In recent years the government, which owns all petroleum and mineral deposits, has been speeding development of these resources. The principal minerals are coal, iron ore, copper, lead and zinc, chromite, manganese and iron oxide. There are also deposits of sulphur, nickel, gold, arsenic, magnesia, antimony and borax. Gypsum and salt have been exploited for centuries.

Human resources

The total population of Iran in 1966, according to the decennial census, was 25,323,064. In early 1972 the population was estimated to be 29,912,000 with an annual growth rate of 2.9%. By 1966, 54.6% of the population were under 10 years of age. About 63% of the population may be referred to as Persians, who constitute the majority of the settled rural agriculturalists as well as of the urban dwellers. Minority groups (Kurds, Turks, Arabs) are largely concentrated in border areas of Iran. Most Iranians are Shi'a Muslims.

The 1972 population density of Iran is estimated at 47 persons per square mile. This figure is not very representative, however, because of the great variability of population density in different parts of the country. Very high densities are found in urban areas and moderately high ones in the more desirable rural regions where fresh water is readily available.

Iran's population is growing rapidly, and life expectancy had increased from 45 years in 1956 to 50 years in 1966. Depending on the success of public health measures initiated in recent years, life expectancy could be as high as 65.8 years by 1986. The government is now concerned about the high population growth rate and is supporting family planning programs.

Although a long and brilliant Persian literary tradition and a largely mythological popular historical tradition have fostered a vague sense of "Persianness," Iran's nearly 30 million people remain basically disunited and undisciplined, speaking a variety of languages and dialects and belonging to a number of different subcultures. A strong sense of individualism has long pervaded the society, with primary loyalties going to self and family; Iranians have only recently begun to develop a sense of belonging to a unified nation.

Iranian society is in a state of transition from a traditional Islamic, agrarian-based one to a more secularized one with emphasis on industry, technology and rapid economic and social development. Nearly 70% of the Iranian people live in small, homogeneous villages, many of them relatively isolated. This provincialism is being gradually changed, due in large part to the Shah's reform program, which has scattered members of the Health, Literacy, and Development Corps throughout Iran's villages, and to the extensive ownership of transistor radios. Almost 30% of the population over ten years of age were estimated to be literate in early 1972, about double the percentage in 1956.

II. ECONOMIC BACKGROUND

Growth rates and trends

Iran has maintained a 10% annual growth rate since 1964/65 without significant inflation. This growth resulted primarily from rapidly rising public investment since 1963, financed largely by increases in oil revenues. Liberal credit terms, a favorable political climate and rising business confidence, meanwhile, have stimulated large increases in private investment. The government promotes and encourages both public and private sectors of the economy.

Iran is nearing the end of its Fourth Development Plan, running from March 21, 1968 to March 20, 1973. The plan was scheduled to involve an investment of $10.8 billion, of which 59% was to be from the public sector and 41% from the private sector. Planned public sector expenditures have been increased by $.6 billion as a result of cost overruns in major projects. Actual total expenditures, however, are likely to fall short of the plan targets, primarily because of delays in implementing some projects. In general the over all performance of the economy has exceeded plan targets over the period. In certain important aspects, however, the economy has not developed along the lines of the plan: imports have been growing at over twice the rate of GNP growth as opposed to the 13% projected by the plan; growth in government consumption has not been contained at 10% per annum; and the ratio of savings to GNP has stayed around 16% rather than increasing to about 25% as predicted. Despite the faster than expected growth of oil revenues, the ensuing gap between the plan and reality had to be met by heavy reliance on foreign borrowing.

The Gross National Product (GNP) in 1971/72 was estimated to be about $12 billion and per capita GNP about $400.

Major sectors of the economy

The economy of Iran has three main components: an agricultural sector, a large oil industry, and a rapidly growing but still small industrial sector.

Agriculture--Despite rapid development in other areas, Iran remains basically an agrarian society. Agriculture employs almost one half of the labor force and generates the largest single portion of Iran's GNP (about 22%), and about one half of total non-oil exports. Due in large part to favorable weather conditions, Iranian agriculture has experienced consistent

growth since 1964, although not at the rate of the rest of the economy. The expansion took place despite the disruptive impact of the land reform program.

One major effect of land reform has been to divide agriculture into two segments. The major segment consists of traditional village agriculture, where peasants cultivate fragmented, often uneconomic, plots. The other segment includes the larger landholdings that either have been retained by landlords or have been obtained by an emerging class of entrepreneurs for agricultural enterprises. The eagerness and ability of this latter group to apply modern techniques is likely to give strong impetus to future agricultural growth.

The traditional sector suffers from a general lack of technical knowledge, credit, and marketing facilities, which has impeded more rapid expansion in production. The third phase of the land reform program, officially launched in 1967, is designed to cope with these problems through improved training and education, more and better irrigation, improved market practices, better tools and equipment and, most important, the expansion of agricultural cooperatives.

Oil industry—The vast majority of Iran's oil resources are exploited and marketed by a western oil consortium under an agreement reached after Iran nationalized the oil industry in 1951. The consortium is composed of 40% British Petroleum, 14% Shell, 6% French and 40% US owned companies. Iran is guaranteed 56% of the profits, but in fact receives about 70%. The National Iranian Oil Company (NIOC) is also expanding its oil producing activities, usually in conjunction with foreign-owned oil companies.

Oil production has risen rapidly since 1960—averaging a 13% increase annually through 1970 and 19% in 1971—and revenues rose even more rapidly in 1971 due to the favorable OPEC/Persian Gulf oil settlement of 14 February 1971. Revenues from oil in 1971/72 are expected to be about $2 billion. During the past few years, Iran has pressed the consortium harder for more rapid growth in production and higher oil revenues. Even with the 1971 OPEC agreement and the January 1972 agreement over dollar devaluation, the Iranian Government is likely to continue to press the foreign oil companies for even greater revenues.

Other industry--Industry has expanded at the rate of about 12% annually since 1960. This growth has been largely the result of new industries, such as those producing metal products, machinery, and transport equipment. Although small-scale cottage industries producing mainly consumer goods for the domestic market still predominate, factory-type production and heavy industry are evolving at a rapid rate.

The government has been actively promoting industrial development, particularly import substitution and export industries. Financial incentives, technical assistance and protection have been provided, and the government has undertaken training programs to alleviate the serious shortage of trained workmen and management personnel.

Transportation and communications

The transportation and telecommunications systems of Iran are generally adequate for peacetime needs and compare favorably with those of neighboring Middle Eastern countries. The systems are concentrated in the north and west; the southern and eastern parts of the country have chiefly desert tracks usable only in dry weather. Development has been mostly on a north-south axis connecting the Persian Gulf area with the relatively heavily populated and commercially active north. The government has placed heavy emphasis on the rapid development of transportation and communications, particularly to connect new areas of production (such as the steel mill and related projects in Isfahan) with the populated centers and ports. The military capability of the Iranian transportation network would be severely limited by a lack of alternative routes, inadequate distribution in several large sections of the country and bottlenecks in the highway system. Iran has an expanding system of oil pipelines to transport oil from the fields to ports and refineries and to points within Iran for internal consumption. The bulk of crude oil exports are shipped from the terminal at Kharg Island which was opened in 1966. A 750-mile pipeline constructed from the southern oil fields to the Soviet border at Astara carries natural gas used to pay for Soviet economic and military credits, while feeder lines deliver natural gas for internal consumption to other Iranian cities.

Foreign trade and balance of payments

Oil—Oil is Iran's most important export commodity, and provided some 80% of the country's export earnings in 1971. Principal importers of Iranian oil are Western Europe and Japan, followed by southeast Asia, Africa, Australia, North America, and the Middle East. As noted before, oil production is mounting steadily, and is expected to provide about $2 billion in revenues in 1971/72 (the Iranian year runs from March 21 - March 20). In order to improve the balance of payments situation, Iran arranged to barter quantities of oil in Eastern Europe in exchange for technical assistance and economic credits. In addition, Iran plans to repay nearly $800 million in Soviet economic and military credits with natural gas, previously flared at the well head.

Imports and exports—Excluding oil exports, Iran traditionally has had an unfavorable balance of trade, which has worsened in recent years. Exports are limited to a few primary products, while the country depends on imports for most capital goods and many manufactured goods and raw materials. Carpets account for the largest share of non-oil exports, followed by cement, cotton, fruit, gut, medicinal herbs, minerals, skins and hides, and timber. Major export markets are Japan, the United Kingdom, Western Europe, the United States and the USSR.

Iran's rapid rate of economic growth during the past four years has been characterized by sharply rising imports. By 1970/71, imports were over four times the level of 1963/64. This annual average growth rate for imports (23%) exceeded the GNP growth rate by 13%. About 65% of all imports were intermediate goods, 25% were capital goods, and 10% consumer goods. The proportion of consumer goods imports to total imports has declined sharply in the past few years as a result of policies aimed at promoting import substitution industries, primarily in the field of final industrial consumer goods. Iran's major trading partners for imports are Western Europe, the United States, the United Kingdom, and Japan.

Balance of payments—In spite of the large increase in oil revenues, rising import levels and costs--resulting from the Shah's forced-draft programs of economic and military development—have led to increasingly large current account deficits since 1964. Debt servicing repayment obligations rose from 9% of current receipts in FY 1966 to 20% in FY 1970. Even greater borrowing abroad—or a disastrous drop in foreign exchange reserves--was avoided only by obtaining special payments from the oil companies in the mid-1960s and again in recent years. A decided improvement in the balance of payments occurred in FY 1971 largely because of the sharply increased oil earnings. It is believed that Iran's current account deficit dropped in FY 1971 to $330 million—less than in any year since FY 1967.

III. POLITICAL SITUATION AND TRENDS

Historical background

The Shah rules one of the oldest countries on earth—the recorded history of Persia stretches back more than 2,500 years. From the early seventh century A.D., however, Iran was for the most part dominated by external forces, and by the early 20th century it was debilitated by incompetent administration, foreign domination, and economic and social stagnation. In 1906 and 1907 a primarily middle class, nationalist revolutionary movement forced the then-ruling Shah to accept a constitutional form of government, and the Fundamental Laws of 1906 and 1907 still serve as Iran's constitution. The present Shah's father seized power in 1921 and was crowned Reza Shah in 1925. A strong aggressive figure, he began the process of modernization which his son has continued since his assumption of power in 1941, and particularly since 1961.

Structure and functioning of the government

The government of Iran is defined as a constitutional monarchy, with the powers of the Shah limited by a bicameral legislature. The formal powers of parliament closely resemble those of a European legislature, but in practice the executive has almost always dominated the legislative and judicial branches. The present Shah Mohammad Reza Pahlavi has developed since the early 1960s from an indecisive and insecure leader into a confident competent monarch who is fully in control of his throne and his government. He is known for his detailed knowledge of Iranian affairs at every level and for his ability to formulate and carry out policies virtually without challenge. The coronation of the Shah in October 1967, after 26 years of rule, symbolized the Shah's political coming of age and his pride in Iran's progress under his rule.

Executive branch—The Shah is chief of state, head of the executive branch of government, and commander of the military forces. He is assisted by a prime minister and his cabinet who are theoretically responsible to the parliament for their actions. The prime minister is hand picked by the Shah, who also has a deciding voice in determining the members of the cabinet. The cabinet in 1972 consists of Prime Minister Amir Abbas Hoveyda, a deputy prime minister, and 24 other ministers. The Shah's influence extends down through the 300,000 man civil service, and few actions are initiated which lack at least the tacit approval of the Shah.

Legislative branch—Iran theoretically has an independent legislative branch of government, but it is in practice dominated both in form and in substance by the Shah. All candidates must have the Shah's approval, and bills which he supports are almost always passed. The parliament is bicameral, consisting of a lower house (Majlis) and an upper house (Senate). The Majlis, by far the most important, consists of 268 seats (with 2 vacant for islands of the Persian Gulf) filled by direct popular vote from regional constituencies and religious minorities for four years. The present Majlis was elected in July 1971. In practice the Majlis limits itself to passing on policies proposed and implemented by the executive branch. The Senate is composed of 60 members, 30 of whom are appointed by the Shah and 30 of whom are elected by direct popular vote. In theory the Senate's authority extends to all matters which can be considered by the Majlis except financial affairs, but in practice the Senate usually gives only pro forma attention to legislation.

Judicial—The Iranian Government traditionally has not separated its executive and judicial branches. The Shah and his minister of justice effectively control almost the entire judicial structure through the Shah's authority to appoint judges at all except the lowest level of the court system, and to appoint, dismiss and transfer public prosecutors. Furthermore, the Iranian Supreme Court has no independent authority to review the constitutionality of laws or issues; it operates merely as the highest appellate court in the land. The Iranian judicial system, although better administered than in the past, still suffers from manipulation, favoritism, and corruption.

Provincial and local government—Iran has a highly centralized system of local government in which provincial and local officials remain largely dependent on Tehran for decision-making and financial assistance. The system descends from provinces and independent governorates to districts. In rural areas each district is divided into subdistricts, and thence into village groups and finally villages. Any locality with more than 5,000 inhabitants may become a municipality. In recent years the Shah has undertaken a program to improve the quality of local government and to decentralize administration, but it is proving to be a slow process.

Political dynamics

The Shah is at the pinnacle of political power in Iran; it is he who determines the direction and content of policy, the nature of political activity, and the conduct of elections. Below the Shah is a coterie of cabinet officers, high-level civil servants, political party leaders, military officers, and "first family" members whose political power is directly related to their

influence with and access to the Shah. As these persons have no independent power base, their individual status and membership in the group fluctuates with the Shah's attitude and wishes.

At the next level is a larger group of middle and lower grade civil servants, local government officials, reform program corps members, and religious leaders who are expected to serve more or less as the Shah's political agents in the field. The great mass of Iranians, both rural and urban, have no direct influence on the political situation and are probably generally apathetic toward it. When they do feel strongly about an issue, however, their attitudes are, in practice, passed up the political grapevine and can affect policy. Thus, although Iran's government is authoritarian, it is far from oblivious to rumblings from below.

Both politics and government have traditionally centered around personal contacts, influence, and the force of personality rather than institutions or political parties. Since 1961, however, the Shah has been building modern economic and social institutions, and encouraging those whose ability rests on "what they know" rather than "who they know." Thus, traditional and modern forces can both be seen at every level of political power in Iran, and they are forced by the Shah to work together.

The Shah has not, however, created solid political institutions and Iranians have not been allowed to exercise decision-making in the political arena. The Shah firmly believes that social and economic development must be achieved before he can permit the development of political parties in the Western sense. In effect, the Shah views political activity as the means by which his program for modernizing Iran will be advertised and carried out.

The greatest weakness of the political system is its dependence on one man—the Shah. The Queen has been designated Regent if the Shah dies before the Crown Prince reaches the age of 20, but the extent to which the people would support her is not known. Almost certainly the military would step in to assist her at first, but beyond that almost anything could happen.

Political parties--Parties are retained primarily as "windowdressing" for the Shah; only those groups which support his program are allowed to exist, and they have little influence. The New Iran Party, the government party, is by far the strongest in Iran. It controls 231 seats in the Majlis and 28 in the Senate. Strongly supporting the Shah's program, it has expanded its national organization into the grass roots in recent years. Its lack of independence, however, and its reputation as a mouthpiece of the government have prevented the development of genuine public support or enthusiasm for it.

The Mardom Party, revived in 1964 with the encouragement of the Shah who was anxious to have a respectable opposition party, is attempting to fulfill its function by criticizing the majority party and by occasionally opposing legislation. Nevertheless, the party remains essentially an adjunct of the "establishment." The party controls only 36 seats in the Majlis and 2 in the Senate. It probably survives only because of the Shah's determination to maintain a two-party system.

The Pan Iranist Party now is apparently moribund. It won no seats in the 1971 elections. The party is "super-patriotic" and has been used as a vehicle to assert Iran's dominant role in the Persian Gulf and to support the Iraqi Kurd rebellion. It has little popular support.

The Iranians Party won a single seat in the Majlis in the 1971 elections. The party was founded in early 1971 by Dr. Fazllolah Sadr, former deputy leader of the Pan Iranist Party. The party platform is designed to appeal to students returning from abroad and other intellectuals.

Elections—Elections in Iran are aimed at improving the democratic image of the government and at giving the people a feeling of participation in the governing process rather than at allowing the free expression of opinion. The electoral process is firmly controlled by the government, though more subtly in recent years, usually through the weeding out of undesirable candidates. Elections are viewed by most of the population with apathy, and with cynicism in more politically aware circles. Despite active "get out the vote" campaigns, and the improved qualifications of the candidates, many Iranians do not exercise the right to vote, believing that the outcome is a foregone conclusion.

Iran's Fundamental Laws provide for two types of elective bodies, the national parliament and the provincial, district and municipal councils. To vote in any election in Iran one must be an Iranian citizen of at least 20 years of age who has resided in his electoral district for at least six months. In the case of senatorial elections a voter must be 25. Among those barred from voting are insane persons, foreign nationals, criminals and political convicts, regular members of the armed forces, and police and gendarmerie officials who reside in the area over which they have authority. Women were enfranchised in March 1963.

The most recent national elections in Iran were held in July 1971 when Iranians selected members of the Majlis and Senate. Candidates were carefully screened by the parties, the security forces, and the Interior Ministry. In many constituencies, two "approved" candidates ran for the same seat.

There were few instances of blatant manipulation, but the word was passed that the Shah wanted a wide margin for the New Iran Party—and he got it. Nearly 5 million ballots were cast, representing 42 percent of the eligible electorate and a 40 percent greater turnout than during the previous national election.

Security forces

The Shah relies heavily on both the military and the civilian security forces for his base of power. All are under his direct control, and he encourages rivalry among the forces as a security measure. The Shah also frequently bypasses the official chain of command in making appointments and in exercising his authority. All of the services are organized on a national level, with very little regional or local autonomy. Overlapping responsibility in such fields as reporting antiregime activity and enforcing the narcotics law has led to competition. Security forces share training facilities, their top leaders all are usually drawn from the military, and leaders of various forces at all levels meet together periodically with political officials. The security forces, including the military, are probably quite adequate to cope with the limited amount of active dissidence present in Iran. 25X1C

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Iranian National Police—The police force of about 26,000 men is organized on a national basis, but its area of responsibility covers mainly the urban areas--cities with over 5,000 people. The entire force is commanded by the chief of National Police in Tehran, Lieutenant General Jafar Qoli Sadri, who exercises his authority through the chiefs of police in the cities. Differences in social and economic status between officers and patrolmen are

marked, and morale is not high. One problem is that top police posts are filled by army officers. Although special school and in-service training programs have been established since World War II, well-trained policemen are still in the minority. The police are expected to detect crime and maintain public order.

Imperial Iranian Gendarmerie—The largest of the nonmilitary security organizations is the Imperial Iranian Gendarmerie, a force of about 67,000 which polices rural areas. It is organized on a national scale and is patterned along military lines. The gendarmerie performs its routine duties effectively, but in case of larger problems such as tribal unrest it must call on the armed forces for reinforcement. In general, the gendarmerie is viewed more favorably by the people in the area of its responsibility than the armed forces. Improvement in the equipment and installations of the gendarmerie has been relatively rapid since 1950, when US material support was extended.

Armed Forces—The Iranian armed forces, totaling 196,950 men, is the largest element in the country's internal security system. It makes units available to assist the police and gendarmerie in controlling disturbances, and it sponsors a civilian militia, the National Defense Force, the members of which have received some training in home guard and guerrilla activities. A 3,000-man Imperial Guard Brigade, which is charged with the security of the Shah and royal family, can be used for internal security functions also. The armed forces, with US equipment and training, are increasing their professional capabilities. They are reliable and their morale is good.

IV. SUBVERSION

Subversion, both potential and actual, is increasing in Iran. Most of it seems to originate from disgruntled Iranian groups who are receiving support from Iraq. Subversion, however, has not reached serious proportions because of the effectiveness of the security forces in detecting, infiltrating, and controlling Iranian dissident elements, a popular optimism that things are getting better economically and will continue to do so, and a lessening of Communist pressure as a result of the Soviet policy shift from a hard to a soft line toward the Iranian regime.

Communist subversion

Communism has a long history in Iran, the first Communist party having been formed soon after World War I, but at present it offers no threat to the Shah's rule. The government has firmly suppressed the party since its peak of popularity in 1952-53, and the USSR's change of policy toward Iran in 1965 probably gave the death blow to any party hopes for coming into power in the foreseeable future.

Two formal Communist party organizations are known to exist in Iran, the Tudeh Party Tehran Organization (TPTO) and the Khuzistan Organization of the Tudeh Party. Both appear to be heavily penetrated by the Iranian security forces. There are perhaps as many as 1,000 party members, although most of these probably do not belong to organized cells and may confine their activity to discussions with old party acquaintances. The party has been ordered to recruit new members but has had little success. Students—once a fruitful source--are showing more interest in developing their careers than in political activity. The top Tudeh party leadership has been in Eastern Europe for many years and has little influence over local members.

The already weak organization has been further split by internal disagreements. The Tudeh is under orders from Moscow to avoid criticism of the Shah and his regime and to stress the Soviet/Iranian rapprochement. Even the pro-Moscow younger elements in the party chafe at this restriction, and regard the old-line leaders as too tired and cautious. A deeper rift has been reported between pro-Russian and pro-Chinese groups. In 1966 two central committee members were expelled for supporting the Chinese Communists, and the hard line of the latter appears to be attractive to some opposition students abroad. Peyk-e-Iran, a radio station established in Leipzig in 1957, is the voice of the Tudeh Party in exile, and its anti-Shah broadcasts are a continuing source of irritation to the regime.

Non-Communist opposition

It is difficult to estimate the extent of non-Communist opposition in Iran, since there is no legitimate outlet for the expression of opposition opinion. The government has stepped up its antidissident activities and in 1972 executed at least 19 persons for treason after secret trials. These moves followed an upsurge in acts of assassination, sabotage, and repeated bank robberies by dissident elements, mostly Iraqi-backed Iranian expatriates.

Tribes--Tribal elements in past decades have been a source of difficulty to the government, and the desire of strong, ambitious tribal leaders for regional autonomy frequently led to armed clashes. The disappearance of these leaders through death, exile, or retirement and the increasing presence of the government in all areas of the country have been slowly bringing the tribes into the mainstream of contemporary Iranian life. Government programs, too, are now directed as much toward the tribes as toward the city-dweller or the settled farmer.

The Kurds perhaps retain the greatest potential for disruptive activity. The perennial Kurdish rebellion in Iraq has had some repercussions in Iran, and a few rebellious exiled Iranian Kurds would like to return to start guerrilla warfare. Despite isolated incidents from time to time, there seems to be little chance of an effective Kurdish movement in Iran.

A few exiled Iranians of Arab ethnic origin have formed the Khuzestan Liberation Front aiming at autonomy for the province of Khuzestan, which has a large percentage of Arabs. The government has expressed concern that the group appears to get some support from radical Arab states, but the group is penetrated by Iranian security forces, and the vast majority of Iranian Arabs appear to be passive.

Others--The old nationalist organizations, particularly the National Front, which reached their heyday during the regime of former Prime Minister Mossadeq in the early 1950s have virtually disappeared, fragmented by government suppression and the success of the Shah's reform program. A younger group of nationalists inclined toward "activism" exists and tends to attract the educated, the students, and younger members of the establishment. Its commitment is to political modernization and, at the least, a sharp reduction in the Shah's power. The extremists in this group probably have ties with the Iraqis and the Confederation of Iranian Students, an anti-Shah group outside the country.

Another opposition group, with a potentially larger following, is the religiously conservative bazaar element, both clerical and secular. Its opposition is based on resistance to Westernization and to the secularization of

traditional Islamic institutions through the reform program. The clergy recently has been annoyed by the regime's efforts to establish a Religious Corps for the purpose of bringing religious activities under government control.

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VI. ARMED FORCES

Defense organization

The Imperial Iranian Armed Forces comprise both the military forces and the paramilitary forces. The Shah, as supreme commander, exercises actual control of the armed forces even to the extent of arbitrarily concerning himself with detailed day-to-day operations. Operational control is theoretically delegated, through the chief of the Supreme Commander's Staff (SCS), to the commanders of the individual services—ground forces, navy, and air force—none of whom, however, is a member of the SCS. The Shah often exercises his command prerogatives through direct contact with senior officers, whether or not they are members of the SCS. The position of chief, SCS, has the equivalent of ministerial rank, although the incumbent is not a member of the cabinet. The minister of war, technically responsible to the prime minister, has equal status with the chief, SCS, and takes his orders directly from the Shah. He is not in the operational chain of command, but is responsible primarily for representing the military forces in the Iranian parliament and for supervising legal and budgetary matters. The minister of interior is normally responsible for the operations of the gendarmerie and the national police; in times of war or national emergency, however, the gendarmerie is placed under the operational control of the SCS. Although the SCS is theoretically responsible just for long range planning and interservice coordination, it actually exercises direct control and much of the day-to-day direction of the services. The staffs of the service commanders are frequently ignored and their functions usurped by the senior staff.

Manpower

As of 1 January 1972, Iran had approximately 7,052,000 males physically fit for military service between the ages of 15 and 49. The average number of males reaching military age (21) annually is 275,000 and approximately 65,000 are inducted into the armed forces annually. The military forces, totaling approximately 293,000 men including staff positions, comprise a predominantly conscript ground force of about 158,600; an air force of 39,700 with 286 aircraft, including 209 tactical jet fighters; and a navy of 10,500 with 48 ships and craft and ten hovercraft. The paramilitary forces comprise a 67,000-man gendarmerie, which has a wartime mission under ground forces command. In addition there is a 26,000-man national police force which has minimal paramilitary capability.

Defense budget

Iranian Defense Budgets

(Equivalent in millions of US Dollars*)

	1966	1967	1968	1969	1970	1971
Defense Budget a/	317	503	618	768	910	1,170
% of national budget	22	29	28	30	32	29
% of GNP	4.9	6.9	7.6	8.5	8.9	9.8

**One rial equals US$0.0132*
a/ includes internal security

Logistics

In January 1966, the former all-service Imperial Iranian Logistics Command was placed under the control of the ground forces and redesignated the Logistics Support Command. While the navy and air force will eventually become self-sufficient in logistics, the transfer of responsibility is occurring only gradually. The Logistics Support Command is responsible for the procurement, storage, and issue of all items for the ground forces and all common items of supply for the navy and air force. The navy and air force have become responsible for those items peculiar to their respective elements. The Logistics Support Command has responsibility for ground forces general depots and all technical departments, including ordnance, signal, engineer, medical, quartermaster, transportation, and veterinary.

For common items of supply, the air force and navy deal directly with the Logistics Support Command main depots in Tehran. Ground forces elements in the Tehran area also draw their supplies from the main depots; however, units in the field obtain supplies under a system of field army depots which have been established in the three field army areas. The field army depots support ground forces supply points, and only the field army depots are authorized to deal directly with the main depots.

The US Military Assistance Program has furnished major items of equipment for all of the military services. The armed forces have adopted the US system of maintenance, and out-of-commission rates for equipment are declining. The Iranians have also purchased on credit $325 million worth of Soviet military equipment, including armed personnel carriers and heavy artillery.

The over-all logistical system, still considerably short of realizing its full potential, is adequate for normal peacetime and internal security operations, but not for full-scale combat operations.

VII. FOREIGN RELATIONS

The Shah since 1965 has evolved a new independent foreign policy consisting basically of a rapprochement with the Soviet Union and Eastern Europe, reduced dependence on the United States, and efforts to secure the Persian Gulf against incursions by radical Arab states. Although Iran retains close ties with the United States and is essentially pro-Western in outlook, the Shah believes it is advantageous for his country to broaden its sources of economic credits, trade, and military equipment to include the Communist world. He also feels that his record of cooperation with the West entitles Iran to major new oil markets in the United States. An increase in US imports of Iranian oil has become a preoccupation of the Shah, inasmuch as his development plans depend on oil income. His fear of Soviet military aggression has been displaced to a large extent by his belief that radical Arab forces have designs on the Persian Gulf and on Iran's oil rich province of Khuzestan. The Shah questions whether the United States would defend him in case of a regional conflict not involving a Communist nation, and he is determined to line up other sources of support and supply in the East European Communist countries, in Western Europe, among the moderate Arab states, and in South Asia.

The turning point in Iranian-Soviet relations came in 1965 when, after the Shah's visit to Moscow, the USSR agreed to extend credit equal to US$289 million toward building a long-sought steel mill and related projects. The expansion of economic ties with the Soviet Union has clear advantages for Iran, since interest rates run as low as 2.5% and repayment of the credits is to be made largely in natural gas which has been wasted in the past. Under similar repayment arrangements, Iran has received an additional $300 million in economic credits and has purchased $325 million in unsophisticated military equipment. The new policy has also had political benefits by appeasing those Iranians who believed their country was overly committed to the West. Nevertheless, the Shah is aware that the rapprochement involves a Soviet effort to gain influence in Iran and that the USSR is basically opposed to his monarchy. The Shah is also concerned over Soviet involvement with the radical Arab states and over the possibility of Soviet incursions into the Persian Gulf region.

Since 1965, the Shah's major foreign policy preoccupation has been the security of the Persian Gulf and southwestern Iran—especially since the British announced that they would withdraw militarily from the gulf by 1971. The Shah is convinced that radical Arab elements are attempting to

undermine Iranian authority in the area and to foment subversion in the province of Khuzestan, which has a large number of ethnic Arabs. Iranian officials have made it clear that they are willing to cooperate with the moderate Arab states of Saudi Arabia and Kuwait, but that these states must recognize Iranian primacy in the area.

Relations with the radical Arab states are aggravated by mutual suspicion and traditional Arab-Persian hostility, Iran's close, but discreet, relations with Israel, and Iran's seizure of three small islands in the lower Persian Gulf. Iranian relations with the conservative Arab states which are still ruled by kings—Jordan, Saudi Arabia—are improving.

Since Iraq's 1958 revolution, relations between Iran and Iraq have ranged from cool to openly hostile. Both countries in recent months have engaged in creating trouble in each others territory. Iran has supplied arms, money, and transit rights to the dissident Iraqi Kurds led by Mustafa Barzani and has encouraged coup plotting by other dissatisfied Iraqi elements. In turn, Iraq has created difficulties for its residents of Iranian origin and forced large numbers of them to return to Iran. Iraq has also trained, equipped, and sent into Iran sabotage teams and permitted raids into Iran by pro-Iraqi Kurds. The dispute over the Shatt al-Arab River boundary remains a perennial irritant in Iran-Iraq relations.

Iran has attempted, for the most part, to maintain a carefully correct attitude toward Afghanistan. Suspicion of Soviet influence in that country and the problem of the division of water from the Helmand River are long-standing sources of dispute.

Late in 1955, along with Turkey, Iraq, Pakistan, and the United Kingdom, Iran signed the Baghdad Pact, which was designed to provide for regional defense against the USSR. Although the Shah no longer views the organization (renamed CENTO after Iraq withdrew in 1959) as an effective military shield, he is not likely to pull out because of the economic benefits to be gained through membership. In 1964, Iran, Turkey, and Pakistan formed an organization, called Regional Cooperation for Development (RCD), for the purpose of creating closer cooperation among the three nations in economic and cultural fields.

The Shah has been expanding his influence in various nonaligned and/or Western-oriented countries. Since 1967 he has visited many countries, and has expounded the virtues of his reform program.

Iran has been a member of the United Nations since 1945, has paid its dues regularly and has usually supported the policies of the US in the various

UN bodies. The Shah has praised the organization as valuable for preserving peace and has supported its efforts toward disarmament and nuclear weapons control. In general, Iran maintains relations with those governments of Africa, the Far East, and Latin America with which the United States has relations.

VIII. US INTERESTS

The United States concluded a bilateral defense agreement in March 1959 with each of the Middle East members of CENTO, including Iran. The agreement, which is specifically tied to the 1957 Joint Congressional Resolution to Promote Peace and Stability in the Middle East (the Eisenhower Doctrine), says that the US Government, in accordance with the US Constitution, will take "such appropriate action, including the use of armed forces, as may be mutually agreed upon" in the case of Communist aggression against Iran. About 940 US Department of Defense personnel, most of them involved with the Military Assistance Program, are stationed in Iran.

In the period FY 1946 to FY 1970, the United States loaned Iran $596.3 million, of which $317.5 million has been repaid. Total grants for the period were $455.3 million. The Military Assistance Program totaled $1,1334.5 million, of which $504.1 million were loans advanced ($140.9 million has been repaid). The US economic aid program in Iran ended by mutual agreement in November, 1967, but Iran continues to purchase in the United States most of its sophisticated military equipment under Export-Import Bank credits. Military credit sales to Iran of $140 million and $200 million have been authorized for the fiscal years 1972 and 1973. In 1970/71 Iran imported $220 million worth of US goods and exported non-oil goods valued at $24 million to the US. Total US private direct investment in Iran is estimated at well above $300 million (including petroleum).